

# Portfolio Profile



## Antares Elite Opportunities Model Portfolio May 2020

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### Model Portfolio description and investment return objective

The Antares Elite Opportunities Model Portfolio is an actively managed concentrated high conviction portfolio of equities listed on the Australian share market that Antares has identified as having the potential to offer capital growth over the long term. The Model's objective is to outperform the Benchmark over rolling five-year periods.

### Investment returns as at 31 May 2020<sup>123</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return %	3.4	-13.2	-13.7	1.3	2.9	6.1
Benchmark return %	4.4	-9.9	-6.7	4.4	4.3	6.9
Gross excess return %	-1.0	-3.3	-7.0	-3.1	-1.3	-0.8

### Model Portfolio performance and attribution

The Antares Elite Opportunities Model Portfolio provided a gross return of 3.4% for the month of May 2020. Overweight holdings in James Hardie (JHX) and Northern Star (NST) and the decision not to own CBA contributed to performance. JHX's FY20 results were well received by the market as was the company's report on trading for the first six weeks of FY21. Despite announcing coronavirus related production impacts and deferring its interim dividend, NST shares performed strongly in May as the gold price firmed. CBA issued \$210m of subordinated notes at 3.3% towards the end of May which saw a slight lift in an otherwise flat share price and no news. Detracting from performance were overweight positions in CSL and South 32 (S32) and the decision not to own Afterpay (APT). CSL shares pulled back by more than 10% during May on news that April plasma collections were down 25-30% on the prior year, a continued rally in the AUD (vs USD) and market rotation as investors looked through the pandemic away from stocks that had held up well, like CSL, into more beaten up stocks like cyclicals. It was a choppy month for S32 shares with the share price ending the month much as it started. While the price of alumina recovered some ground since plunging in early April, it remained well below its pre-coronavirus highs. APT continued to find favour as investors better understood its pivotal position in the online retail sales and payment channel and Chinese social media giant Tencent revealed it had built a 5% share in the company.

### Top 10 share holdings

as at 31 May 2020 (alphabetical)

- Aristocrat Leisure
- ANZ
- BHP Group
- CSL
- James Hardie Industries
- NAB
- Northern Star
- Telstra
- Wesfarmers
- Westpac Banking Corporation

### Buys / Additions

**Seek (SEK)** : We have re-initiated a position in SEK as the resumption of industrial activity in China gives us some comfort that the activity will ultimately filter through to employment, an area SEK is well positioned to benefit from given its investment in Zhaopin. Furthermore, as China was the first country to enter the Covid decline and also the first one out it provides a blueprint for other geographies. Based on this assumption, Australian employment trends should also start to improve over coming months. SEK has continued to invest in innovation and vertical expansion during the crisis which should see the company emerge even stronger.

**Virgin Money (VUK)** : We see significant long-term value in VUK. Although the path to normalisation post Covid-19 remains uncertain, lockdown measures are being eased and we believe the risk reward on offer now warrants an investment in VUK. The company currently enjoys an £800m buffer above minimum capital requirements (compared to a market capitalisation of £1000m). Furthermore, expected regulatory model changes could see risk weighted assets reduce by 5-10% from current levels, further increasing excess capital. If the capital position is resilient we believe there is significant upside.

### Sales / Reductions

**Medibank Private (MPL)** : MPL has performed relatively well during the market sell off, however given the opportunity to invest our capital for better risk return characteristics we decided to exit .

### Sector allocation

GICS	%
Financials Ex Reits	19.50
Metals & Mining	19.25
Communication Services	12.21
Health Care	10.84
Consumer Discretionary	10.54
Energy	6.76
Consumer Staples	6.53
Materials Ex Metals & Mining	5.55
Industrials	4.25
Real Estate	2.53
Information Technology	2.04
Utilities	0.00

Source: Antares Equities; 31 May 2020

Note: GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio

<sup>1</sup> Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document. The value of an investment may rise or fall with the changes in the market. <sup>2</sup> Investment returns for the Model Portfolio are based on a notional model portfolio constructed by Antares and are gross of administration (platform) and investment management fees, net of estimated transaction costs, and assume all dividends remain in the Model Portfolio. <sup>3</sup> Performance is based on the income and market value of the notional model portfolio. <sup>3</sup> Inception date for the Model Portfolio is 22 November 2010.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 May 20
Australian shares	95%	100%	100%	97%
Cash and cash equivalents	0%	0%	5%	3%

## Portfolio managers

### Nick Pashias

•Co-Head of Equities

#### Key Responsibilities

Nick is the Portfolio Manager of the Elite Opportunities Model Portfolio and managed fund .

**Years with the group 21**

**Years of Industry Experience 21**



### John Guadagnuolo

Investment Manager

#### Key Responsibilities

John is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio .

**Years with the group 12**

**Years of Industry Experience 19**



### Andrew Hamilton

•Head of Research

#### Key Responsibilities

Andrew is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio.

**Years with the group 19**

**Years of Industry Experience 22**

## Investor profile

The concentrated nature of the Model Portfolio means that there may be a greater level of risk and returns may be quite volatile. As such, the Model Portfolio may suit investors who are willing to accept a higher level of risk in exchange for the opportunity to earn greater returns.

## Model portfolio facts

<b>Inception date:</b>	22 Nov 2010
<b>Benchmark:</b>	S&P/ASX 200 Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>No of shares:</b>	13 to 30
<b>Indicative portfolio turnover:</b>	60% to 80% pa
<b>Relative risk:</b>	High - Very High
<b>Relative return<sup>1</sup>:</b>	High - Very High

## Platform availability

ANZ Grow, Macquarie, Navigator, Netwealth, Philo and Praemium

## Ratings



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Antares Equities (Antares) is a specialist Australian equities manager. Since 1994, Antares has managed portfolios for wholesale, advised and direct investors through a suite of products including segregated mandates, investment funds and managed account models. Antares has A\$4.2 billion (at 31 March 2020) under advice across a range of strategies including large capitalisation, concentrated, property, income and long-short. Antares believes in bottom-up stock picking. A consistent process and detailed, quality research executed by a highly experienced, stable and diverse team underpin this approach. The investment philosophy is based on the belief that markets can misprice stocks and these opportunities can be identified using the proven, proprietary Antares research process. Antares Equities is part of Antares Capital Partners Limited (ABN 85 066 081 114, AFSL 234483).

**For further information please contact our Client Services Team - Toll Free: 1800 671 849**

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